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IN THE

SUPREME COURT

OF THE

UNITED STATES.

October Term, 1921.

No. 132.

Union Tool Company,
Petitioner,

vs.

Elihu C. Wilson,
Respondent.

REPLY BRIEF FOR PETITIONER.

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REPLY BRIEF FOR PETITIONER.

The brief for respondent misstates the principal contentions made by petitioner and thereby avoids reply thereto. We deem it proper to briefly exhibit wherein respondent has failed to answer the controlling propositions advanced in the brief for petitioner.

There are two important assertions in respondent's brief that are totally unwarranted.

> (a) Respondent represents that the District Court found petitioner guilty of contempt in selling the spare or repair parts and thereupon pardoned petitioner.
>
> (b) Respondent represents that petitioner sold extra or spare parts which were not repair parts.

(a) The District Court did not find that the sale by petitioner of the spare or repair parts violated the injunction. To the contrary the District Court expressly found that these sales by petitioner were not in violation of the injunction. The District Court said:

> "So with respect to that feature of the case, I am of the belief that the position of the plaintiff is not well taken upon this application, and that there is no violation of the injunction in the manufacture and sale to users of necessary spare parts of this infringing device, which was sold prior to the issuance of this injunction." [Rec. 80.]

The argument of respondent that the District Court found petitioner guilty of contempt and thereupon pardoned petitioner is not therefore founded in fact.

(b) The statement in respondent's brief that petitioner "also manufactured and sold 'extra'

and 'spare' parts" *which were not repair parts* is not in accord with the fact. The District Court expressly found that the parts sold by petitioner were *repair* parts. No other parts were made or sold. The District Court said:

> "Now, the proofs adduced upon the hearing, together with the stipulation of counsel introduced in evidence, * * * show that the defendant has manufactured and sold spare parts, *that is, repair parts, to be used in connection with and in furtherance of the utility* of reamers admittingly within the terms of the injunction, but sold by it previous to the issuance or service of the injunction." [Rec. 62.] (Italics supplied.)

This court will accept the fact as found by the District Court. (Bessette v. Conkey Co., 194 U. S. 324, 48 L. Ed. 997.) Furthermore, there is no evidence that any of the parts were not for the purpose of repair. The "Stipulation As To Facts" filed in the District Court stated that petitioner made and sold:

"cutters, springs, spring rods, keys, cotter-pins, and all parts except bodies, *as 'extra' or repair parts for and to be used with the underreamers* * * * which were sold by the defendant to dealers and users prior to the service of said injunction." [Rec. 58.]

This stipulation definitely establishes (1) that the parts were *repair parts* and (2), that the parts were to be used in the devices sold prior

to the issuance of the injunction. Respondent urges that the parts were not for repair but were for augmenting drilling operations. There is no evidence of such asserted fact. The only purpose a purchaser of an underreamer could have in buying a spare part would be to use the part in case the corresponding original part should become worn or broken. We submit that this court will not disregard the finding of the District Court and now hold that the parts sold by petitioner were designed contrary to the stipulation of facts in this case. It must be established beyond a reasonable doubt that the parts sold were not repair parts or the charge of contempt fails. (Gompers v. Buck's Stove & R. Co., 221 U. S. 48, 55 L. Ed. 797.)

The fact that the parts were to replace the worn or broken corresponding original parts does not alter their character of repair parts as urged by respondent. In Wilson v. Simpson, 9 How. 109, 13 L. Ed. 66, this court held that the replacement of rotary knives was repair and not reconstruction.

The fact that the repair parts were made and offered for sale in anticipation of breakage or wear is discussed in petitioner's opening brief, pages 78-81. It would be manifestly unfair to owners of patented machines to hold that every repair part must be made after and not in anticipation of need of repair. Any user of ma-

chinery appreciates the compelling need of a stock of available repair parts. What would it mean to the automobile owner if every repair part must be made after it was required? In law there is no justification for respondent's contention, because the manufacture or sale of the parts could not be contributory infringement unless the parts were used in primary infringement. If used for repair the time of manufacture or sale is totally immaterial.

The authorities cited at pages 22, 23, in respondent's brief are not applicable to the facts of this case. The number of underreamers in the hands of the users has not been increased by the sale of repair parts. Indeed, the Stipulation of Facts provides that the parts are to be used in the very underreamers sold prior to the issuance of the injunction. [Rec. 58.] This is not a case where the repair parts are put in operation prior to wear or breakage of corresponding original parts. There is no evidence of such use either intended by petitioner or had or possible by the users.

Respondent enlarges upon the length of time various parts of the devices in question are designed to last. The representations of respondent are not supported by any evidence whatever. The District Court fully considered the nature of respondent's invention and the use to be made of the parts in question.

We submit that this court will not disturb the finding of the District Court that the parts were repair parts and will not adjudge the parts to be other than repair parts contrary to the express Stipulation of Facts herein.

Respondent refers to the doctrine of contributory infringement. This doctrine is based on the theory that one who furnishes a part with the intent that it be assembled in a device to be used in infringement of a patent is liable for aiding and abetting an infringement. This doctrine does not conflict with the rule that repair parts may be lawfully furnished for use in machines that are free of any claim of the patentee. Otherwise, the right of replacement by repair parts established by this court in Wilson v. Simpson, *supra*, could not exist.

Jurisdiction.

Respondent misinterprets our contention that the Circuit Court of Appeals had no jurisdiction in this case by stating that petitioner contends that the Circuit Court of Appeals "lost" jurisdiction when it rendered a judgment on petitioner's Writ of Error. We do not contend that the Circuit Court of Appeals ever "lost" jurisdiction because our position is that the Circuit Court of Appeals never at any time had jurisdiction to entertain respondent's Writ of Error.

Pages 34-41 of the opening brief of petitioner are devoted to the proposition that respondent's Writ of Error herein must be treated separately and cannot be sustained on the ground that the Circuit Court of Appeals had jurisdiction under petitioner's Writ of Error. Respondent admits:

"* * * we agree with petitioner that in such a case the cross-writ does not depend upon the writ for its jurisdiction. Both lie to the decree sought to be reviewed and the errors assigned in the writs are separate and distinct." (Respondent's Br. p. 11.)

We must, therefore, dismiss reference to petitioner's Writ of Error in considering the jurisdiction of the Circuit Court of Appeals in this case.

In view of Doyle v. London Guarantee & Accident Co., Ltd., 204 U. S. 599 (cited at p. 30 of Petitioner's Op. Br.) jurisdiction of the Circuit Court of Appeals in this case cannot be sustained except on the basis that respondent sought a review of a criminal judgment. We therefore find respondent asserting that in this case he sought review of a criminal judgment. (Respondent's Br., p. 13.)

If respondent sought by his Writ of Error in this case to review a criminal judgment, then unquestionably the Circuit Court of Appeals had no jurisdiction. *First.* There is no review of a criminal judgment of acquittal. *Second.* Un-

der Gompers v. Buck's Stove & R. Co., 221 U. S. 418, 55 L. Ed. 797 the proceedings in the District Court were civil only. (See discussion in Petitioner's Op. Br., pp. 26-29.) In fact the Circuit Court of Appeals in Union Tool Co. v. Wilson, 249 Fed. 736 held that the infliction of a criminal fine was improper. *Third.* Respondent as a private suitor could only seek review of civil aspects of the judgment. Respondent admits that the United States District Attorney and Solicitor General have refused to participate in this case or seek review. (Respondent's Br. p. 17.)

It should be noted that respondent does not attempt to sustain the basis on which the Circuit Court of Appeals assumed jurisdiction of this case. The Circuit Court of Appeals converted respondent's Writ of Error into an appeal. [Rec. 125.] A criminal judgment could not be reviewed by "appeal."

From every aspect the brief of respondent fails to establish jurisdiction of the Circuit Court of Appeals in this case.

The Injunction Was Not Violated by the Sale of the Repair Parts.

Respondent attributes to us the contention that petitioner was justified "in disregarding the injunction." This is a misstatement of our position. We contend and the District Court found

that the sale of the repair parts was not a violation of the injunction. This follows in view of the following:

> The Writ of Injunction prohibited infringement of combination claims 9 and 19 of respondent's patent and only prohibited the making and selling of parts where that constituted an infringement of said combination claims. (Discussed at pages 48-50 of Petitioner's Opening Brief.)
>
> The only parts sold by petitioner were repair parts to be used in devices sold prior to the issuance of the injunction.
>
> The devices in which the parts were to be used were freed of the patent because respondent had elected to receive from petitioner the proceeds of the sales thereof.

The last statement is the principal remaining proposition to be discussed. It is clarified by reference to the remedies accorded a patentee upon infringement of his patent. The patentee may:

> 1. Seek an injunction against the manufacturer to prohibit future making or selling.
>
> 2. Seek an injunction against the user who has purchased from the manufacturer to prohibit future use of the infringing devices.
>
> 3. Seek to recover from the manufacturer the proceeds, of the past sales of the infringing devices, due to the infringement.
>
> 4. Seek to recover from the purchaser for the past use of the infringing devices.

While these remedies are optional with the patentee, manifestly the patentee cannot exercise all of the remedies. Clearly he cannot prohibit the future use of the infringing devices and also recover the proceeds of the sales thereof.* This is fully discussed in petitioner's opening brief at pages 54-83. This court said in Morgan Envelope Co. v. Albany Co., 152 U. S. 425, 38 L. Ed. 500, at 503:

> "The patentee having once received his royalty upon such device, he cannot treat the subsequent seller or user as an infringer."

In other words, the patentee may have one or the other of remedies 2 and 3 but he cannot have both. In law and in fact remedies 2 and 3 are regarded as inconsistent remedies. The situation is the same as an ordinary case of wrongful sale of property. The rightful owner may elect to ratify the sale and sue for the proceeds of the sale. The owner, on the other hand, may disavow the sale and sue to recover the goods. It is elementary that he cannot do both. Yet that would be the situation if a patentee could enforce both remedies 2 and 3. He could then have the proceeds of the sales and

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*Note: We herein use "proceeds of the sales" as a short term. Necessarily a patentee's recovery is limited to the profits or damages attributable to the particular patented invention. The extent of such recovery is not involved in this case.

yet by prohibiting the use of the devices, in effect disavow the sales and recover his property (invention).

Apparently respondent admits the soundness of the above, because at page 30 of his brief he says: "In arguing this matter petitioner *correctly* states the law as follows:" and proceeds to quote petitioner's opening brief to the above effect. However, respondent then urges that he may seek to enforce both of remedies 2 and 3 until he *has actually received* compensation. If this contention be error then the District Court was correct and the judgment of the Circuit Court of Appeals must be reversed.

The Claim That Respondent May Seek to Recover From Petitioner That Part of the Proceeds of the Infringing Sales Due to the Infringement and Also Restrain the Use of the Devices Sold Until Actual Compensation Is Received Is Absolutely Contrary to the Doctrine of Election of Inconsistent Remedies.

The law will not permit a party to approbate and reprobate. No party can seek the proceeds of a transaction and disaffirm the identical transaction. Under the law any decisive act of a party indicating an intent to pursue one of two inconsistent remedies is a binding election. After such an election the party cannot seek the inconsistent remedy.

The leading case in point is the decision of this court in Robb v. Vos, 155 U. S. 13, 39 L. Ed. 52. In that case property was wrongfully sold and the proceeds of the sale delivered to an attorney. The attorney died. A suit was brought by the administrator of the attorney's estate to settle the estate. The true owner set up a claim to the proceeds of the wrongful sale. Subsequently the owner withdrew his claim. Thereafter the owner brought suit to recover the property wrongfully sold. This court held that the owner was precluded from seeking to recover the property by his previous election to take the proceeds of the wrongful sale. This court held that the mere filing of the claim was a binding election, and that it was immaterial that the claim had not been actually satisfied. This court said:

> "The rule established by these cases is that any decisive act by a party, with knowledge of his rights and of the facts, determines his election in the case of inconsistent remedies, and that one of the most unequivocal methods of showing ratification of an agent's act is the bringing of an action based upon such an act."

There are a great many decisions following the above doctrine and holding that a party must elect between recovering the proceeds of a transaction and disaffirming the same; and that an

election to do either is an abandonment of the other.

20 Corpus Juris 13;
Droege v. Ahrens Mfg. Co., 163 N. Y. 466;
Erving v. Goodman, 171 Cal. 559;
Weeke v. Reeve, 65 Fla. 374;
Fisher v. Brown, 111 Ill. A. 486;
American Car Co. v. Smock, 48 Ind. A. 359;
Ellis v. Annis, 173 N. W. 282;
James v. Parsons, 70 Kan. 156;
Williams v. Shepherd, 181 Ky. 535;
Whiteside v. Brawley, 152 Mass. 133;
Mintz v. Jacob, 163 Mich. 280;
Rose v. Rundall, 86 Wash. 422;
Connihan v. Thompson, 111 Mass. 270;
Des Allemands L. Co. v. Morgan, 117 La. 1.

Filing a suit to enforce one inconsistent remedy is a binding election and a complete abandonment of the other remedy irrespective of receipt of actual satisfaction.

Robb v. Vos *(supra);*
20 Corpus Juris 29;
Dowdy v. Calvi, 14 Ariz. 148;
Smith v. Gilmore, 7 App. D. C. 192;
Glynn Co. B. of Ed. v. Day, 128 Ga. 156;
Theusen v. Bryan, 113 Ia. 496;
Lowenstein v. Glass, 48 La. Ann. 1422;

Bohanan v. Pope, 42 Me. 93;
Frisch v. Wells, 200 Mass. 429;
Mintz v. Jacob, 163 Mich. 280;
Whalen v. Stuart, 194 N. Y. 495;
Howard v. Paulson Co., 41 Utah 490;
Robertson v. Robertson, 180 Pac. 122.

Prosecution of a suit to judgment or decree to enforce one inconsistent remedy is a binding election and an abandonment of the other remedy, irrespective of receipt of actual satisfaction.

20 Corpus Juris 28;
Bright v. Mollohan, 75 W. Va. 116, 118;
Pfeiffer v. Marshall, 136 Wis. 51;
Pickle v. Anderson, 62 Wash. 552.

Under the doctrine of election of inconsistent remedies it is totally immaterial that respondent has not received compensation. There can be no doubt in this case that respondent by a decisive and unequivocal act, in fact series of acts, has elected to recover the proceeds of the infringing sales. Respondent filed the original suit praying for a recovery of those proceeds. Respondent has procured an interlocutory decree adjudging that he recover those proceeds (as yet unliquidated). [R. 6-14.] Respondent is admittedly now proceeding with an accounting to settle the amount of those proceeds. An election could not be more conclusively shown. Respondent does not even now waive the right

to those proceeds. Indeed, respondent seeks to enforce both of said inconsistent remedies!

We submit that the District Court was entirely correct in holding that by his election to secure the proceeds of the infringing sales respondent has in law ratified those sales. We view this question as one of importance in law and of substantial consequences to the industry of the country. There is no equity in respondent's position that he may enjoin the use of the infringing devices (indirectly by preventing their repair) and may also procure the proceeds paid by the purchasers for the devices. Respondent has elected to receive the proceeds of the sales and the purchasers should be permitted to continue the use of the same. A double recovery is inevitable if the decision of the Circuit Court of Appeals be sound and petitioner in one and the same court would be permitted to approbate and reprobate the identical sales.

We therefore submit that respondent having elected to receive the proceeds of the infringing sales, then the sales stand ratified and the devices free. The devices being free of claim by the patentee repair of the same was not an infringement of respondent's patent or a violation of the writ of injunction. Accordingly the judgment of the Circuit Court of Appeals should be reversed and the decree of the District Court affirmed.

In petitioner's opening brief we endeavored to point out that the infringement of respondent's patent by petitioner consisted in widening a certain bearing in underreamers patented by petitioner long prior to respondent's invention. The brief of respondent contains many exaggerated claims concerning the value of that bearing. We deny the soundness of those claims and do not concede value to the feature involved. An accounting is now in progress to determine the worth of respondent's invention.

We respectfully ask this court to refrain from expressing an opinion thereon, since a statement from this court would doubtless be construed as binding, and the facts involved are not before the court.

Respectfully submitted,

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Petitioner's Reply to Respondent's Brief.

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Respondent and Plaintiff.

Petitioner's Reply to Respondent's Brief.

We desire to reply to certain contentions made by respondent, and will endeavor to do so as briefly as possible. It is felt that there has been an attempt in respondent's brief to bemuddle the facts of this cause and confuse by reference to non-applicable and unsound propositions of law. For example, we refer respectfully to:

The Assertion That Petition for Certiorari Was Not Filed Within the Statutory Period.

In support thereof, respondent urges that the judgment of the Circuit Court of Appeals sought to be reviewed was entered on May 17, 1920, and that the petition for *certiorari* herein was not filed until after August 26, 1920. (To be exact the petition was filed on September 2, 1920.) Respondent cites 39 Stat. L. 726 and urges that more than three months having elapsed between May 17th and September 2d the three months' limit of the statute has been exceeded. This statute specifies that any writ of error, appeal, or writ of *certiorari* must be applied for within three months after entry of judgment.

Respondent refrained from stating that a petition for rehearing was filed in the cause in the Circuit Court of Appealson June 21, 1920, and was denied on August 2, 1920. [R. 136.] The petition for *certiorari* was thus filed exactly thirty-one days after the denial of the petition for rehearing. (This is within one month instead of in excess of three months.) The importance of respondent's omission becomes apparent in view of the settled rule of this court that the time limit under the statute does not begin to run until after the denial of the petition for rehearing.

In Aspen Mining & Smelting Co. v. Billings, 150 U. S., 31, 36; 37 L. Ed. 986, this court said:

> "The rule is that if a motion or a petition for rehearing is made or presented in season and entertained by the court, the time limit for a writ of error or appeal does not begin to run until the motion or petition is disposed of. Until then the judgment or decree does not take final effect for the purpose of the writ of error or appeal."

This proposition is so elementary that one may be excused for a suspicion that it was intended to confuse rather than to convince. If this were not the law it would be impossible to apply for *certiorari* in any case where the Circuit Court of Appeals held a petition for rehearing under consideration for more than three months. Indeed respondent need only to have looked in the transcript of record to have found an order of the Circuit Court of Appeals staying the issuance of this mandate until September 6, 1920, to enable the filing of this very petition. [R. 137.]

The Assertion That the Cause Does Not Warrant the Grant of Certiorari.

In reply to respondent's contention that the case interests only the parties, we desire to call attention to the two principal legal points involved. Each of these issues of law is novel and of importance to all suitors. This court has

never determined either point. These questions are as follows:

(a) *Has a Circuit Court of Appeals jurisdiction to review a judgment of acquittal of contempt and order the imposition of punishment at any time and particularly prior to final decree in the cause?*

This proposition challenges the jurisdiction of the Circuit Court of Appeals. Suitors must look to the Supreme Court if a Circuit Court of Appeals is to be kept within the powers conferred upon it by Congress. Otherwise there is no central authority maintaining the judiciary within the orderly and proper bounds that gain the respect and confidence of the nation. Congress quite apparently intended the Supreme Court to supervise the jurisdiction of lower federal tribunals. Congress even accelerated such issues by providing for direct review by the Supreme Court of cases involving the jurisdiction of a district court.

This court has ruled that a cause challenging the jurisdiction of a Circuit Court of Appeals in contempt proceedings warrants the grant of *certiorari*. In Toledo Newspaper Co. v. United States, 247 U. S. 402, 62 L. Ed. 1189, a petition for *certiorari* was granted directed to a Circuit Court of Appeals to review a contempt proceed-

ing, where the issue involved was the jurisdiction of the court. This court said:

> "We are of opinion that a motion to dismiss the writ of error must prevail, since it is settled that a conviction for a criminal although a summary contempt is, for the purposes of our reviewing power, a matter of criminal law not within our jurisdiction on error. * * * But this does not relieve us from the duty of exerting jurisdiction, as we are of opinion that the case calls for the exertion of the discretionary power with which we are vested. The writ of *certiorari* is therefore granted, and we proceed to examine and dispose of the case to the extent rendered necessary by that conclusion."

We will not argue further the jurisdictional question at this time. It is a proposition which commends itself to the full consideration of this court. We note, however, that respondent attempts to meet the proposition by asserting that "the cross writ of error were (was) sued out to review a judgment of conviction and not acquittal." (Respondent's Brief, page 7.) The absolute falsity of this statement is shown by the statement in the opinion of the Circuit Court of Appeals in this cause as follows:

> "By the cross-writ now before us we are to review that portion of the judgment of the District Court wherein the Tool Company was purged of contempt." [R. 128.]

Respondent refers to many authorities to the effect that one *convicted* of contempt, where the criminal aspect dominates, may obtain review in one proceeding of both the criminal and civil features. These decisions have nothing to do with the right of a plaintiff in a case to obtain review of a judgment *purging* defendant of contempt. In fact, this case appears *sui generis* upon the point.

(b) *Pending an accounting in a suit against the manufacturer, may repair parts be furnished to owners of devices included within the accounting?*

This proposition most assuredly affects the owners of all patented machines. The question is one involved in every patent accounting throughout the country. After the accounting and satisfaction of judgment the devices became *ipso facto* licensed devices in the hands of the owners. (The patentee has received his compensation thereon.) It has been determined that pending the accounting suit cannot be brought to enjoin the use of devices. (Stebler v. Riverside Hts. Orange Growers Assn., 214 Fed., 550.) Certainly then the use of devices should not be indirectly enjoined by preventing their repair. It was upon this legal question that the cause turned on the merits. The injunction only prohibited the sale of parts *"in*

infringement" of the patent in suit. [R. 15, line 21.] The District Court held that selling repair parts for the devices freed by the accounting was not an infringement or within the inhibition of its injunction. The Circuit Court of Appeals has decided for and contrary to the District Court *what it was the District Court enjoined!* We will not further argue this question. It also is *sui generis* so far as there exists any reported decision. The gravity and far-reaching effect of the point warrants a full consideration by this court.

In our opinion the following logic of the District Court cannot be refuted:

> "* * * I am constrained to believe that the better reason is on the side of the proposition that in view of the reception of complete relief by way of damages and profits by the plaintiff, in due course, that he is not now entitled to the indirect means of a proceeding in contempt to enjoin users from the practical and effective use of their machines." [R. 79.]

We submit that this is only fair to innocent purchasers. The question is of grave general importance and the ruling of this court is awaited with eagerness by the bar and the owners of patented devices.

Petitioner Had No Wilful Intent to Violate the Injunction and the District Court So Held.

There is a further important and glaring misstatement of fact in respondent's brief. It is there stated:

"By so doing he committed a wilful contempt of the trial court's deliberate order *and that court has so found.*" [P. 15.]

The Circuit Court of Appeals ruled that there had been "a wilful disobedience of the injunction." [R. 134.] Respondent recognizes that under the law this ruling of the Circuit Court of Appeals cannot be sustained if it be contrary to the *fact* as found by the District Court.

The District Court most certainly did not hold that petitioner "intended" to violate the injunction. To the contrary the District Court expressly found that petitioner was acting in good faith and had no intent or wilfulness to violate the injunction. The District Court even went so far as to say:

"And I am saying all of this with the reservation mentally and actually indulged in by me, that these parties are not acting in bad faith. If I thought they were acting in bad faith, and if I thought that this injunction had been wilfully violated, there would be a substantial jail sentence meted out to each individual at all responsible for such violation, irrespective of his place, station or relation to the subject-matter of the litigation. However,

in spite of some very persuasive features, I am going to assume that the defendant has not done that which has done wilfully." [R. 88-89.]

This very finding was construed by the Circuit Court of Appeals on petitioner's writ of error as follows:

> "Our construction of the decree is that there was an acquittal of the defendant of having acted in bad faith and of having willfully violated the injunction order, and by proceeding to a decree based upon the assumption that the acts of the defendant corporation had not been done willfully, we think the corporation was exonerated of willful and contumaceous disregard of the injunction. Bessette v. Conkey, 194 U. S. 324, 24 Sup. Ct. 665, 48 L. Ed. 997."
>
> Union Tool Co. v. United States. 262 Fed. 431.

This court has held that this *fact* as adjudged by the District Court was conclusive. In Bessette v. Conkey Co., 194 U. S. 324, 48 L. Ed. 997, this court in defining the power of a Circuit Court of Appeals to review a contempt proceeding said:

> "On such a writ only matters of law are considered. The decision of the trial tribunal, court or jury, deciding the facts, is conclusive as to them."

Obviously there is no legal justification for the Circuit Court of Appeals adjudging contrary to the District Court that petitioner *wil-*

fully violated the injunction. This is of utmost importance because to warrant the imposition of "punishment" as ordered by the Circuit Court of Appeals an "intent" to wilfully and contumaceously disregard the order of the court must be found.

Proudfit L. L. Co. v. Kalamazoo L. L. B. Co., 230 Fed. 120, at 132.

Respectfully submitted,

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Respondent and Plaintiff.

Respondent's Reply to Petition and Brief for Writ of Certiorari.

To the Honorable the Chief Justice and the Associate Justices of the Supreme Court of the United States:

The respondent, Elihu C. Wilson, moves this Honorable Court to dismiss the above-entitled petition for a writ of *certiorari* and begs to present herein his arguments in support thereof.

The petitioner seeks to review the judgment of the Circuit Court of Appeals for the Ninth Circuit, entered on May 17, 1920, on respondent's cross writ of error to the District Court

for the Southern District of California reviewing the latter court's decree [Tr. p. 94], holding the petitioner guilty of contempt for manufacturing and selling its infringing devices and extra, spare and repair parts therefor, in violation of the injunction of said court. The trial court assessed punitive and remedial fines for the contempt with regard to the devices themselves, but purged the petitioner of contempt with regard to the sale of the extra, spare and repair parts and elements therefor.

The injunction in question [Tr. p. 14] followed the interlocutory decree of the said District Court entered September 8, 1916 [Tr. p. 6], finding the respondent's patent No. 827,595 valid and infringed (Wilson v. Union Tool Co., 237 Fed. 847), which decree was affirmed by the Circuit Court of Appeals for the Ninth Circuit on February 11, 1918 (Union Tool Co. v. Wilson, 249 Fed. 736).

The petitioner promptly sued out a writ of error to review the trial court's decree in contempt and the respondent thereupon perfected the aforesaid cross writ of error and moved the Appellate Court, under its Rule 25, for such a continuance of the hearing of the writ as would permit it to be heard coincidently with the cross writ. This motion was denied and the Appellate Court handed down its decision on the petitioner's writ on January 5, 1920, reversing the puni-

tive portion of the errors assigned but affirming the remedial portion thereof. (Union Tool Co. *et al.* v. United States *et al.*, 262 Fed. 431.)

On May 17, 1920, the said Circuit Court of Appeals entered judgment on the respondent's writ of error holding that the trial court had abused its discretion in purging the petitioner of contempt when the said court had found as a fact ,and the petitioner had admitted, that the extra, spare and repair parts and elements for and to be used with respondent's infringing devices had been made and sold by it in violation of the plain prohibitions of the injunction. [Tr. p. 97, Wilson v. Union Tool Co., 265 Fed. 669.]

This decision the petitioner now seeks to review.

We direct the attention of this court to the fact that the time in which the petitioner may apply for a writ of *certiorari* elapsed before this petition was filed.

The judgment sought to be reviewed was entered May 17, 1920. [Tr. p. 135.] This petition was served on the respondent on August 26, 1920, and was thereafter filed in this court, so that the petition was filed more than three months after the entry of the judgment complained of.

Section 6 of the Act to Amend the Judicial Code, approved September 6, 1916, 39 Stat. L. 726, provides:

> "That no writ of error, appeal or writ of *certiorari* intended to bring up any cause for review by the Supreme Court shall be allowed or entertained unless duly applied for within three months after entry of the judgment complained of; Provided, that writs of *certiorari* addressed to the Supreme Court of the Philippine Islands may be granted if application therefor be made within six months."

We submit that this petition has not been presented within the statutory time and, therefore, should not be entertained.

Aside from the fact that the petition has not been presented within the statutory time it is apparent that this is not a case in which this court will exercise its power of granting a review under a writ of *certiorari*. This power is sparingly exercised by the Supreme Court and then only in cases of great importance; or in case of conflict between two or more Circuit Courts of Appeals, or between such a court and a state court; or in cases which affect some interest of the nation. (Walker on Patents, 5th Ed., Sec. 567a; Forsyth v. Hammond, 166 U. S. 506, 41 L. Ed. 1095; Fields v. United States, 205 U. S. 292, 51 L. Ed. 807.)

Plainly no national interest is affected by the judgment in question nor does it conflict with the decision of another Circuit Court of Appeals or that of a state court. Neither can it be said to be a case of any great importance except to

the parties thereto; and where only private interests, however great, are involved, they have never been regarded as a sufficint basis to support a writ of *certiorari.* (Forsyth v. Hammond, *supra;* Denver v. N. Y. Trust Co., 229 U. S. 123, 57 L. Ed. 1101; Fields v. United States, 205 U. S. 292, 51 L. Ed. 807.)

The petitioner contends that the decision on the writ of error eliminated the criminal element from the judgment of the trial court and the cross writ of error therefore abated.

The judgment and decree of the trial court fined the petitioner both punitively and remedially. This gave the cause both a criminal and civil aspect. (*In re Kahn,* 204 Fed. 581; *In re* Merchants etc., 223 U. S. 639, 56 L. Ed. 584.) Both the civil and criminal aspects of a contempt proceeding may properly be included in one proceeding. (Proudfit L. L. Co. v. Kalamazoo L. L. Co., 230 Fed. 120.) But in such a case the criminal element will dominate the proceeding, but this does not exclude the civil element from being considered. (Kreplik v. Couch Patents Co., 190 Fed. 565.)

In the instant case both the writ of error and the cross writ of error were sued out to review a judgment of conviction and not acquittal, as wrongly stated by the petitioner in his brief on page twelve, and the proper method of review was by writ of error. The petitioner recog-

nized the criminal nature of the judgment when he perfected his writ instead of proceding by way of appeal. The only method of cross review left to the respondent was by cross writ of error. (Guarantee Co. v. Phenix Ins. Co., 124 Fed. 170.) Both the writ and the cross writ being well founded, the reversal of the criminal findings assigned under the writ did not necessarily dispose of all of the criminal aspects of the decree nor force the respondent to perfect another form of procedure. (39 Statutes at Large 726, Sec. 4.) Had the writ and the cross writ been heard coincidentally the petitioner could not have question the jurisdiction of the Appellate Court in either proceeding. It was within the discretion of that court to hear them separately, and the fact that the decision on the writ of error was rendered before the cross writ was heard, does not alter the status of the latter writ, since they were based upon different assignments of error in a judgment of conviction in a criminal proceeding.

In rendering its decision on the writ of error the Appellate Court was limited to those matters assigned by the petitioner and could not consider the findings of the lower court that the petitioner had otherwise wilfully violated the injunction. (Cleary v. Ellis Foundry Co., 132 U. S. 612, 33 L. Ed. 473; Bolles v. Outing Co., 175 U. S. 262, 44 L. Ed. 156.)

However, the lower court distinctly held that the petitioner had, since the issuance of the injunction, offered for sale and sold extra, spare and repair parts and elements for, and to be used with, its infringing devices sold prior to the issuance and service of said injunction [see Tr. p. 97], and the petitioner admitted same [see Tr. p. 57], notwithstanding this very thing was plainly prohibited by the injunction. [Tr. p. 15.] The lower court clearly recognized the contempt thereby committed when it held that the profits and damages resulting from this violation of the injunction must be paid to the respondent by the petitioner. [Tr. p. 77.]

This was a finding of criminal contempt upon which the respondent's cross writ of error was properly predicated and, being an error of record, no bill of exceptions was necessary, as wrongly contended by the petitioner. (Brief, p. 13, L. 14.) We submit that this court will not be persuaded to the view that the decision on the writ of error eliminated this finding of wilful, and therefore criminal, contempt from the trial court's judgment.

In view of this finding the trial court manifestly abused its discretion when it purged the petitioner of wilful contempt of the injunction distinctly prohibiting the manufacture, sale or use of the extra, spare and repair parts or elements of the infringing devices. The lower

court plainly misunderstood the procedure of "purging" of contempt and, in effect, failed to vindicate the law upon the petitioner after finding it guilty of wilful contempt of the court's order. Only the party charged with contempt can purge himself thereof, and this is done by his statement under oath that in doing the act complained of he did not intend to commit a contempt. (See "Purgation" in Cyclopedic Law Dictionary and Bouvier's Law Dictionary.) The petitioner did not so purge himself.

We recognize the well established rule that the discretion of a trial court in dealing with contempts, and punishments therefor, will not be interfered with *unless grossly abused.* (In re Sobol, 242 Fed. 487.) However, it is equally well established that "discretion (which must be legal discretion, not merely the individual view or will of the particular chancellor) does not extend to a refusal to apply well-settled principles of law to a conceded or indisputable state of facts." (Winchester Repeating Arms Co. v. Olmsted, 203 Fed. 493; Hanover Star M. Co. v. Allen & Wheeler Co., 208 Fed. 513.)

We submit that a complainant labors under many difficulties in proving a wilful violation of an injunction, and when he has conclusively established his case he may reasonably expect the court to vindicate the law without hesitation.

Replying to the petitioner's argument that the infringing devices sold by it prior to the issuance of the injunction were freed from the patented monopoly when an interlocutory decree for profits and damages was entered in favor of the respondent, and the petitioner could thereupon manufacture and sell to the users of the infringements the *extra, spare* and repair parts or elements of the patented combination regardless of the fact that this very thing was prohibited by the injunction.

This court will not fail to note that the petitioner admitted [Tr. p. 57, par. III] and the trial court found [Tr. p. 97, par. III] that these parts sold by the petitioner in violation of the injunction were *extra* and *spare* parts and elements as well as repair parts. We scarcely need emphasize the fact that the doctrine of repairs cannot be extended to cover the manufacture, sale and use of *extra* and *spare* parts and elements of a patented combination. (National Casting Co. v. American Steel Foundries, 182 Fed. 626; Slocomb & Co. v. Laymen Co., 227 Fed. 94.) It cannot be questioned that if the infringing devices were free in the hands of the users the petitioner could not make merchandise of the respondent's valid patent by manufacturing and selling to the users the unassembled elements of the respondent's patented combination under the thin disguise of the doc-

trine of repairs. To do so would be contributory infringement. (Thompson-Houston v. Ohio Co., 80 Fed. 712.)

But the petitioner errs in his contention that the interlocutory decree for profits and damages, which has been entered heretofore, frees these infringements in the hands of the users. They will not be freed from the respondent's patented monopoly until the patentee (the respondent), whose rights have been transgressed, *has received full satisfaction therefor.* (Sherman, Clay & Co. v. Searchlight Horn Co., 225 Fed. 497; Philadelphia Trust etc. Co. v. Edison Electrical Co., 65 Fed. 551; Allis v. Stowell, 16 Fed. 783.)

The petitioner relies upon Stebler v. Riverside Heights Orange Growers' Ass'n, 211 Fed. 985, but that case is fully in accord with the above doctrine, as will be seen from the following quotation therefrom:

> "Where a patentee, situated as complainant, recovers from an infringing manufacturer damages and profits on account of the infringement, *and the judgment is paid,* the purchaser from such manufacturer, who is a user of the machine, has the same right to such use as he would have were he a licensee of the patentee; that is, the right to use continues during the life of the patented machine."

The reason this decree for damages and profits against the petitioner will not release the

infringing devices until the respondent has received full satisfaction, lies in the fact that this interlocutory decree does not necessarily represent all the profits and damages involved and a recovery under this decree may not be a full satisfaction. (Kryptok Co. v. Stead Lens Co., 190 Fed. 767, 770.)

In the Stebler case above cited, both the patentee and the manufacturing infringer sold direct *to users only*, and all the profits and damages were directly involved in the action. In the instant case, however, both the patentee (the respondent), and the manufacturing infringer (the petitioner), sell *to dealers and resellers*, and it is possible that the retailers' profits may not be recovered in this accounting. If not, the respondent may elect to proceed against either the resellers or the users for the retailers' profit. (Birdsell v. Shaliol, 112 U. S. 485, 28 L. Ed. 768; Kelly v. Ypsilanti etc. Mfg. Co., 44 Fed. 19.)

This distinction is referred to as controlling in the Stebler case as follows:

> "Complainant has thus far utilized his patent by manufacturing and selling *directly to users* his patented machine, and in this case has sued for and recovered of infringing manufacturers, *who also sold directly to users*, profits and damages."

It cannot be denied that these infringements will not be released to the users until the re-

spondent *has received* full satisfaction for the trespass upon his patented monopoly and until the accounting has been rendered and judgment satisfied there is no certainty that the amount recovered will be full satisfaction. If that accounting does not include the reseller's profit by way of damages, the respondent will proceed against the resellers and users therefor, and the infringements will not be free in the hands of users until full satisfaction *has been received.* (Philadelphia Trust & Safe Deposit Co. v. Edison Electrical L. Co., 65 Fed. 551; Allis v. Stowell, 16 Fed. 783.)

Until these devices are freed by full satisfaction of profits and damages to the respondent, they are illegally in the hands of the users and to use them, or much less, to repair them, is infringement. (Chaffee v. Boston Belting Co., 22 How. 217, 16 L. Ed. 240; Union Special Mach. Co. v. Maimin, 161 Fed. 748; Safety Car Co. v. Gould Coupler Co., 229 Fed. 429; New York Scaffolding Co. v. Whitney, 224 Fed. 452; James Heekin v. Baker *et al.*, 138 Fed. 63.)

However, even if it were possible to disregard the above-outlined legal principles, the fact remains that the manufacture and sale of these extra, spare and repair parts by the petitioner for its infringing devices was prohibited by the injunction, and even if that injunction were improperly issued, or if it were broader than

the terms of the court's decree would warrant, it must nevertheless be obeyed until it is modified or dissolved. (Walker on Patents, 5th Ed., Sec. 709, p. 799; Woodworth v. Rogers, 3 Woodbury & Minot 135; Liddle v. Cory, 7 Blatch. 1; Whipple v. Hutchinson, 4 Blatch. 190; Phillips v. Detroit, 3 Bann. & Ard. 150; Sickles v. Borden, 4 Blatch. 15; Gompers v. Buck S. & R. Co., 221 U. S. 418, 450, 55 L. Ed. 797, 809.)

The petitioner was not free "to make himself the judge of the validity of the court's order" and "by his own act of disobedience" set same aside. (Gompers v. Buck S. & R. Co., *supra.*) By so doing he committed a wilful contempt of the trial court's deliberate order and that court has so found.

When viewed in the light of these indisputable legal conclusions, it cannot be denied that the trial court gravely abused its discretion when it "purged," or rather pardoned, the petitioner of the wilful crime he had committed. Such a finding of guilt will support a writ of error and such an abuse of discretion was properly corrected by the Appellate Court.

In conclusion, and by way of summary, this Honorable Court is requested to note that this petition for a writ of *certiorari* has not been presented within the statutory time; neither does it refer to such a case as will justify the grant-

ing of such a writ in that it involves no question of national relationship, public importance or conflict of judicial decisions. The Appellate Court's jurisdiction rested upon a writ of error from a finding of wilful, and therefore criminal, contempt of the District Court's injunction, and the errors assigned under said writ were directed to the trial court's abuse of its discretion in purging the petitioner of criminal contempt after finding it guilty thereof; and petitioner's thinly veiled excuses of the doctrine of repairs, and the suggestion that the infringing devices have been freed from the respondent's patented monopoly by the interlocutory decree, do not excuse the petitioner's wilful disregard of the injunction granted by said decree.

We pray this Honorable Court to deny this petition and thus afford the respondent the protection of the law against an infringer who has shown "a sedulous desire and disposition" "to do everything that he could do, and keep out of jail, and yet take advantage of the things that this man Wilson had invented." [Tr. p. 81.]

Respectfully submitted,

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